EXHIBIT 4
DATE 3.16.07
SB 541

SB 541, House Taxation Committee Hearing
8:00AM, March 16, 2007, Room 152

"AN ACT AUTHORIZING THE MONTANA FACILITY FINANCE AUTHORITY TO FINANCE CERTAIN PROJECTS FOR FOR-PROFIT OR NONPROFIT CORPORATIONS AND ORGANIZATIONS.........."

Jon Marchi, Polson, MT Testimony
Chairman, Montana Facility Finance Authority (MFFA)
Representing: Montana Ambassadors, Glacier Venture Fund, Big Sky Airlines
Testifying in favor of the bill.

A quasi-judicial seven-member board appointed by Governor Martz and Governor Schweitzer manages MFFA. Over the past 23 years the Authority has issued over $1.4 billion of tax-exempt bonds with $721 million currently outstanding. MFFA has never experienced a default. Each bond issue requires reserves to mitigate a possible default. With the exception of about $29 million in state general obligation bonds, $49 million of Board of Investments (BOI) guaranteed bonds and $36 million of bonds with a state "moral obligation" pledge ($27 million are privately insured) totaling $114 million; the remaining $607 million of bonds outstanding are conduit bonds that are neither state debt nor a state obligation. We issue public notices of our meetings and follow the guidelines of the state open meeting and public participation laws. The Legislative Audit Division audits MFFA and our audits have been consistently clean, with "no recommendations needed" reports.

This bill would simply add the ability to issue tax-exempt small issue industrial development bonds (IDB's) to the MFFA statue. The BOI has not issued an IDB bond for several years. This is the only tax-exempt authority the BOI has and because of the complexity, special expertise, experience and track record that MFFA has acquired over the years these bonds should be added to MFFA's list of eligible facilities. The Authority and the BOI have worked well together over the past 23 years and have developed joint programs that have significantly improved financing opportunities for MFFA's eligible projects.

The Federal government has recently made IDB financing much more attractive to both borrowers and issuers. The maximum size has been increased from $10 to $20 million and the manufacturing facility requirement has been broadened to include technology type companies as well necessary equipment. Limited or prohibited facilities include retail food, beverage services, residential real property, gambling, alcohol, etc. The typical savings to the borrower is about three percentage points; a $20 million issue would realize $600,000 per year in interest savings. This is a powerful economic development tool that other states are using. Statewide authorities are the most efficient method of issuing tax-exempt bonds, including IDB's. For example, both Maine and